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C O N F I D E N T I A L SECTION 01 OF 02 SHENYANG 000152

SIPDIS

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TAGS: [CH](#) [ECON](#) [ELAB](#) [PGOV](#) [PINS](#) [SPILL](#)
SUBJECT: TONGHUA PROTEST FOLLOW-UP: INVESTIGATION GOING
POORLY

REF: SHENYANG 130

Classified By: Pol/Econ Chief Dannielle R. Andrews for Reasons 1.4 b/d

11. (C) Summary. Wang Shou Kun, chief economic research advisor investigating the Tonghua Steel factory labor disturbance that resulted in the death a manager (reftel) says the Jilin government is committed to getting to the bottom of what happened but that no arrests have been made. Rumors of mafia involvement and internal corruption investigations are false. Wang recounted the violent history between Tonghua Steel and Jianlong Steel and said that the tensions stem from workers' lack of trust in Jianlong and the local government. Wang strongly feels that labor negotiations are not the government's strong point and sees no hope that this will improve. Since reopening, production at the plant is at historic highs. End Summary.

A Hard Case to Crack

12. (C) On August 17 Congenoffs and visiting Pol M/C met with Jilin Provincial Government Investigation and Research Office Senior Economic Advisor Wang Shou Kun, who has been tasked with investigating the Tonghua labor dispute police investigation and making recommendations for further action. Wang said the police investigation into the death of General Manager Chen Guojun has not gone well thus far. Although many workers were brought in initially for questioning, they have all been released and no one in Tonghua Steel has been detained. Wang said rumors stating that local gangsters were involved in the murder and that Tonghua Steel's Chairman of the Board and Deputy General Managers have been detained and investigated are false. With the local government wary of sparking more unrest, quelling such rumors and paying careful attention to workers' statements are very important. Despite these challenges, the Jilin Government is determined to find out the truth. "After all, a man lost his life," concluded Wang.

A History of a Situation Spun Out of Control

13. (SBU) According to Wang, Mr. Chen's death was not part of a planned disturbance, but the result of the wrong person being at the wrong place at the wrong time and saying the wrong thing. In fact, the incident, as it was, started off simply. On the day in question, Mr. Chen had arrived at the plant just when a disturbance had occurred. Knowing of Mr. Chen's imminent arrival at the Tonghua Steel plant, workers had assembled around a side gate of the plant to complain about Jianlong's return. As the crowd grew, two workers put up banners condemning Jianlong. When two plainclothes police officers among the crowd tried to remove the banner, the

crowd became enraged. Workers beat the officers, who escaped briefly to run to the main gate that houses the plant's police station, hoping to find reinforcement. At the main gate, workers encountered Mr. Chen, who was immediately surrounded and questioned by the workers. Chen made no attempt to pacify the crowd but instead threatened to fire all the workers. It was this blanket threat, said Wang, that led to the three beatings that ended Chen's life. Per reftel, emergency services were not allowed onto the compound by workers until well into the evening, and Chen was later pronounced dead by health officials.

A History of Violence, A History of Conflict

14. (C) Wang, a self-proclaimed labor negotiation and disputes expert, faults the Jianlong Steel Share Holding Company and the Jilin provincial government's mismanagement of the merger. To his knowledge, Chen's death is not the first time that a member of Jianlong's management in Tonghua Steel has been killed by a worker(s). Wang recalled that on Christmas Eve of 2008, the Director of the Steel Rolling Plant found a worker drunk on duty. Instead of referring the worker to junior officials for punishment, the director told the worker that he was fired. The inebriated worker, fueled by anger, killed the director with a hammer. During the subsequent police investigation, no witness stepped forward; everyone present claimed they had not seen anything.

15. (C) According to Wang, due to Jianlong's simplistic and hard-lined management style, disputes had been become a

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regular problem at the plant. At the outset of the merger, Jianlong laid off workers and junior Tonghua officials alike.

Whoever violated regulations or the interest of Jianlong management were immediately fined or fired, heightening management/worker conflicts. Wang also stated that workers were unhappy with what they perceived as an unfair wage structure--their average salary being about RMB 300, while managers from Jianlong made tens of thousands of RMB a month.

A History of Mistrust

16. (C) Mr. Wang said the Tonghua Steel case is also a reflection of the workers' mistrust of the local government. As an example, after Chen's death, local government officials assured the workers orally that Jianlong was permanently excluded from the restructuring of Tonghua Steel. However, the workers refused to disperse until they saw the provincial government decree in writing. According to Wang, Jilin State-Owned Assets Supervision and Administration Commission failed to consider worker interests in the restructuring deal and should have done more to address their concerns. He said government officials lack the necessary communication skills, training, patience and expertise to carry out such sensitive mergers. Wang believes that with increased privatization and/or mergers, incidents like Tonghua will continue.

Historic Highs: Workers Express Their Love

17. (SBU) Wang says Tonghua Steel is now back to business and workers are working harder than ever. Steel production in the plant over the past three weeks has been the highest in the plant history. As a matter of fact, workers have refused to go home after work, voluntarily staying to help the next shift. According to Wang, this is their gesture to prove that they love the steel plant and do not want to create any further problems.

WICKMAN